

Ottawa Hospital files lawsuit against former directors, contractors

Alleged kickbacks include luxury trips, discounts on cars, free personal home renos

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The Ottawa Hospital has accused two longtime former directors in charge of large budgets and projects of conspiring with contractors to defraud the hospital in exchange for luxury vacations, family favours and deep personal discounts, according to a statement of claim filed yesterday.

Frank Medwenitsch, the former director of planning and capital projects with a signing authority of \$100,000, and Brock Marshall, the former director of engineering and operations responsible for procuring contractors, are accused of breaching their fiduciary duty through fraud, embezzlement and misappropriation of funds, according to the statement of claim.

The 29-page statement of claim alleges that Medwenitsch arranged a job for his daughter at Federal Electric without her knowledge, and in return allowed the company to bill at inflated prices for its work on hospital projects.

"\$1,280 of the \$6,300 picks up Katrina — the remainder goes towards the project," an August 2014 text message from Medwenitsch to Federal Electric read, according to the statement of claim.

Medwenitsch resigned in October 2015 and Marshall retired in April 2015, after being offered an early retirement package. The hospital's statement of claim says it "had no knowledge of the fraudulent scheme" when it offered Marshall a retirement package.

The Ottawa Hospital launched an external audit in 2015 after noticing irregularities in its planning and facilities department. It said in a statement on its website that it has referred the case to police.

Allegations of improper bidding advantages

In addition to Medwenitsch and Marshall, the other defendants listed in the statement of claim are:

- Federal Electric and its director Larry St. Pierre. According to the statement of claim, Federal Electric was prequalified on the hospital's list of electric contractors for projects up to \$7.5 million.
- DRS Construction (incorporated as 1436937 Ontario Inc.) and its director Gerry Dubé, both involved in projects at the hospital since 2000. DRS was prequalified on the hospital's list of general contractors for projects up to \$250,000 in 2011, according to the statement of claim.
- GAL Power Systems Ottawa and its director Guy Adrian Lapierre.
- Pro Management Construction, Ottawa Diamond Construction and Roch St-Louis, who is the director of the former and operator of the latter.

Medwenitsch and Marshall are accused of giving the companies improper advantages, including handing over advanced copies of procurement documents, internal hospital communications about projects and information about their competitors' bids, according to the statement of claim.

The former directors are also accused of "knowingly" approving invoices for work that was not performed or not yet complete, and approving inflated prices.

The hospital also alleges that Medwenitsch conspired with Dubé and St-Louis to "essentially extort Marshall" in 2014 to pay for "unsupported and improper" invoices dating back to 2010.

The suit calls for to yet-to-be determined fraudulent financial damages, as well as \$250,000 in punitive damages.

The hospital asks for access to financial assets, accounts and transactions of each of the defendants in order to trace the monies believed to be fraudulently obtained. It also requests injunctions to prevent "the defendants from disposing of any of their assets."

Alleged kickbacks include luxury vacations

Federal Electric and GAL Power Systems Ottawa allegedly contributed to the cost of several fishing trips that Medwenitsch attended including a "lavish fishing trip" in July 2015 that continued on to San Francisco and the Napa Valley, according to the statement of claim.

Dubé, who owned an automotive business, is accused of selling "multiple cars" to Marshall and his family "at below cost or no cost" between 2012 and 2014, according to the statement of claim.

Pro Management Construction and Ottawa Diamond Construction allegedly painted, fixed the roof and did other home repairs for Marshall and his daughter at below cost or no cost.

GAL Power Systems Ottawa also employed Medwenitsch's other daughter between 2009 and 2010, but it is unknown whether kickbacks were involved, according to the statement of claim.

The Ottawa Hospital claims these, and other kickbacks listed in the statement of claim, were not declared to the hospital.

None of these allegations have been proven in court. The defendants that CBC were able to contact refused to comment at this time.

[Read the full statement of claim here.](#)